



Department of Justice

FOR IMMEDIATE RELEASE
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**JUSTICE DEPARTMENT AGREES TO TERMINATE LAST PROVISIONS OF IBM
CONSENT DECREE IN STAGES ENDING 5 YEARS FROM TODAY**

Termination Due to Change in Computer Climate

WASHINGTON, D.C. -- The Department of Justice reached a settlement today with IBM that will terminate, in stages, the remaining provisions of the government's historic 1956 antitrust consent decree against the company. The Department's Antitrust Division said that it has agreed to terminate the provisions, in stages ending five years from today, because of changes in the competitive climate in the computer industry.

The terms of the proposed settlement, filed in U.S. District Court for the Southern District of New York (New York City), must be approved by Judge Allen G. Schwartz. If accepted by the court, the settlement would resolve ongoing litigation between the Department and IBM about the future of the decree.

David S. Turetsky, Deputy Assistant Attorney General in the Antitrust Division, said, "The IBM decree has proved enormously successful in encouraging competition in various computer markets over the years. By extending the life of the decree's main provisions into the next century, the Department ensures that those who have made important business decisions based on the decree will have time to make adjustments before it expires."

The decree was entered when the computer age was in its infancy on the basis of IBM's conduct in the market for old-fashioned tabulating machines, which worked with punch cards. The decree's protections, however, extended as well to electronic data processing machines.

The decree's main provisions required the Armonk, New York--based IBM to sell its machines as well as lease them, and required IBM to provide service and sell parts for IBM computers after they were no longer owned by IBM. This created a market in used equipment that competed with IBM's new machines and limited its monopoly power in the computer market.

Earlier the Department agreed to terminate immediately provisions involving personal computers and work stations--markets in which IBM faces considerable competition. The court approved this step in January 1996.

Today's proposed settlement provides for termination of the decree's main provisions as they apply to midframe computers, IBM's AS/400 line of products--in four years, and mainframe computers, IBM's System 390 products--in five years. A few provisions of the decree as it applies to AS/400 would terminate six months after or upon entry of the decree. A few provisions of the decree as it applies to System 390 products would terminate upon entry of the decree.

Turetsky said, "The proposed settlement also reflects the Department's awareness of changes in the competitive climate in the computer industry. The proposed settlement is fair to computer customers, competitors and to IBM."

The Department will propose that prior to the court's consideration of the proposed settlement, there be a 60-day period for public comments, which may be addressed to John F. Greaney, U.S. Department of Justice, Antitrust Division, Chief, Computers & Finance Section, 600 E Street, N.W., Suite 9300, Washington, D.C. 20530, (202) 307-6200.

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